



Tax Depreciation Report

282 King Street,
Newcastle, NSW 2300

GAG Kingsley Property Company Pty Ltd
Crystalbrook Collection
2/10-14 Waterloo Street
SURREY HILLS, NSW 2010

Issue Schedule	
Issue Date:	Issued by:
29 April 2019	Mark Kilroy Bsc (Hons) MRICS

GAG Kingsley Property Company Pty Ltd
Crystalbrook Collection
2/10-14 Waterloo Street
SURREY HILLS, NSW 2010

April 2019

Job No: COM2300001

Tax Depreciation Report – 282 King Street, Newcastle, NSW 2300

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors



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1. Property Information

Date of Report

29 April 2019

Purchaser

GAG Kingsley Property Company Pty Ltd

Property Address

282 King Street, Newcastle, NSW 2300

Real Property Description

PT 1/1250295

Property Type

Commercial Office Building

Date of Construction

Pre 1982

Property Photo



2. Report Details

2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

Division 40 (Capital Allowances)

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

Division 40 (Capital Allowances) - Low Value Pool

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

Division 43 (Capital Works)

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

3. Capital Allowances

3.1 Entitlement

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

3.2 Qualifying Expenditure Calculation

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

3.3 Effective Life

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

3.4 Immediate Write-Off Assets

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

3.5 Low Value Pool

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method					Prime Cost Method				
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>					<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>				
Benefits					Benefits				
<ul style="list-style-type: none"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 					<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>					<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p>100 / 10 Years = 10% (Straight Line)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

4. Capital Works

4.1 Entitlement

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

4.2 Method of Depreciation

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

4.3 Method of Depreciation

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	13 January 19 to 30 June 19	295,139	101,548	396,687	63,965	460,652
2	1 July 19 to 30 June 20	572,035	165,015	737,050	138,972	876,022
3	1 July 20 to 30 June 21	441,349	103,134	544,484	138,972	683,456
4	1 July 21 to 30 June 22	346,997	64,459	411,456	138,972	550,428
5	1 July 22 to 30 June 23	277,439	40,287	317,726	138,972	456,698
6	1 July 23 to 30 June 24	225,140	25,179	250,319	138,972	389,291
7	1 July 24 to 30 June 25	184,920	16,067	200,987	138,972	339,959
8	1 July 25 to 30 June 26	153,787	10,042	163,829	138,972	302,801
9	1 July 26 to 30 June 27	129,028	6,593	135,620	138,972	274,592
10	1 July 27 to 30 June 28	108,701	5,090	113,791	138,972	252,763
11	1 July 28 to 30 June 29	92,547	3,758	96,305	138,972	235,277
12	1 July 29 to 30 June 30	79,635	2,673	82,307	138,972	221,279
13	1 July 30 to 30 June 31	68,586	2,315	70,901	138,972	209,873
14	1 July 31 to 30 June 32	59,791	1,793	61,583	138,972	200,555
15	1 July 32 to 30 June 33	52,199	1,831	54,030	138,852	192,882
16	1 July 33 to 30 June 34	45,930	1,467	47,398	131,502	178,900
17	1 July 34 to 30 June 35	40,749	917	41,666	131,502	173,168
18	1 July 35 to 30 June 36	36,173	907	37,080	131,502	168,582
19	1 July 36 to 30 June 37	32,141	930	33,071	131,502	164,573
20	1 July 37 to 30 June 38	28,843	582	29,425	131,502	160,927
21	1 July 38 to 30 June 39	25,615	1,070	26,685	131,502	158,187
22	1 July 39 to 30 June 40	22,993	1,019	24,012	131,502	155,514
23	1 July 40 to 30 June 41	20,608	984	21,592	131,502	153,094
24	1 July 41 to 30 June 42	18,754	615	19,369	131,502	150,871
25	1 July 42 to 30 June 43	16,749	1,033	17,782	37,209	54,991
26	1 July 43 to 30 June 44	15,328	646	15,974	17,928	33,902
27	1 July 44 to 30 June 45	14,043	404	14,447	17,928	32,375
28	1 July 45 to 30 June 46	12,660	951	13,611	17,928	31,539
29	1 July 46 to 30 June 47	11,629	594	12,223	17,928	30,151
30	1 July 47 to 30 June 48	10,511	708	11,219	17,928	29,147
31	1 July 48 to 30 June 49	9,692	442	10,134	17,664	27,798
32	1 July 49 to 30 June 50	8,807	650	9,457	9,711	19,168
33	1 July 50 to 30 June 51	8,039	768	8,806	9,711	18,517
34	1 July 51 to 30 June 52	7,430	480	7,910	9,711	17,621
35	1 July 52 to 30 June 53	6,779	640	7,419	9,711	17,130
36	1 July 53 to 30 June 54	6,272	400	6,672	9,711	16,383
37	1 July 54 to 30 June 55	5,804	250	6,054	9,711	15,765
38	1 July 55 to 30 June 56	5,184	866	6,050	9,711	15,761
39	1 July 56 to 30 June 57	4,689	868	5,557	3,334	8,891
40	2057+	60,311	3,392	63,703	0	63,703
Totals		3,563,025	571,367	4,134,392	3,408,795	7,543,187

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	13 January 19 to 30 June 19	135,837	101,548	237,385	63,965	301,350
2	1 July 19 to 30 June 20	295,124	165,015	460,139	138,972	599,111
3	1 July 20 to 30 June 21	295,124	103,134	398,258	138,972	537,230
4	1 July 21 to 30 June 22	295,124	64,459	359,583	138,972	498,555
5	1 July 22 to 30 June 23	295,124	40,287	335,411	138,972	474,383
6	1 July 23 to 30 June 24	258,783	25,179	283,962	138,972	422,934
7	1 July 24 to 30 June 25	216,166	15,737	231,903	138,972	370,875
8	1 July 25 to 30 June 26	212,222	9,836	222,057	138,972	361,029
9	1 July 26 to 30 June 27	185,881	6,147	192,028	138,972	331,000
10	1 July 27 to 30 June 28	156,203	3,842	160,045	138,972	299,017
11	1 July 28 to 30 June 29	132,630	2,401	135,031	138,972	274,003
12	1 July 29 to 30 June 30	104,995	1,501	106,496	138,972	245,468
13	1 July 30 to 30 June 31	101,849	938	102,787	138,972	241,759
14	1 July 31 to 30 June 32	98,159	586	98,745	138,972	237,717
15	1 July 32 to 30 June 33	98,159	366	98,525	138,852	237,377
16	1 July 33 to 30 June 34	87,808	229	88,037	131,502	219,539
17	1 July 34 to 30 June 35	75,671	143	75,814	131,502	207,316
18	1 July 35 to 30 June 36	75,671	89	75,760	131,502	207,262
19	1 July 36 to 30 June 37	75,671	56	75,727	131,502	207,229
20	1 July 37 to 30 June 38	75,671	35	75,706	131,502	207,208
21	1 July 38 to 30 June 39	54,778	22	54,800	131,502	186,302
22	1 July 39 to 30 June 40	30,300	14	30,314	131,502	161,816
23	1 July 40 to 30 June 41	30,300	9	30,309	131,502	161,811
24	1 July 41 to 30 June 42	30,300	5	30,305	131,502	161,807
25	1 July 42 to 30 June 43	30,300	3	30,303	37,209	67,512
26	1 July 43 to 30 June 44	28,191	2	28,193	17,928	46,121
27	1 July 44 to 30 June 45	25,718	1	25,719	17,928	43,647
28	1 July 45 to 30 June 46	25,718	1	25,719	17,928	43,647
29	1 July 46 to 30 June 47	25,718	1	25,719	17,928	43,647
30	1 July 47 to 30 June 48	25,718	0	25,718	17,928	43,646
31	1 July 48 to 30 June 49	13,891	0	13,891	17,664	31,555
32	1 July 49 to 30 June 50	0	0	0	9,711	9,711
33	1 July 50 to 30 June 51	0	0	0	9,711	9,711
34	1 July 51 to 30 June 52	0	0	0	9,711	9,711
35	1 July 52 to 30 June 53	0	0	0	9,711	9,711
36	1 July 53 to 30 June 54	0	0	0	9,711	9,711
37	1 July 54 to 30 June 55	0	0	0	9,711	9,711
38	1 July 55 to 30 June 56	0	0	0	9,711	9,711
39	1 July 56 to 30 June 57	0	0	0	3,334	3,334
40	2057+	0	0	0	0	0
Totals		3,592,804	541,588	4,134,392	3,408,795	7,543,187

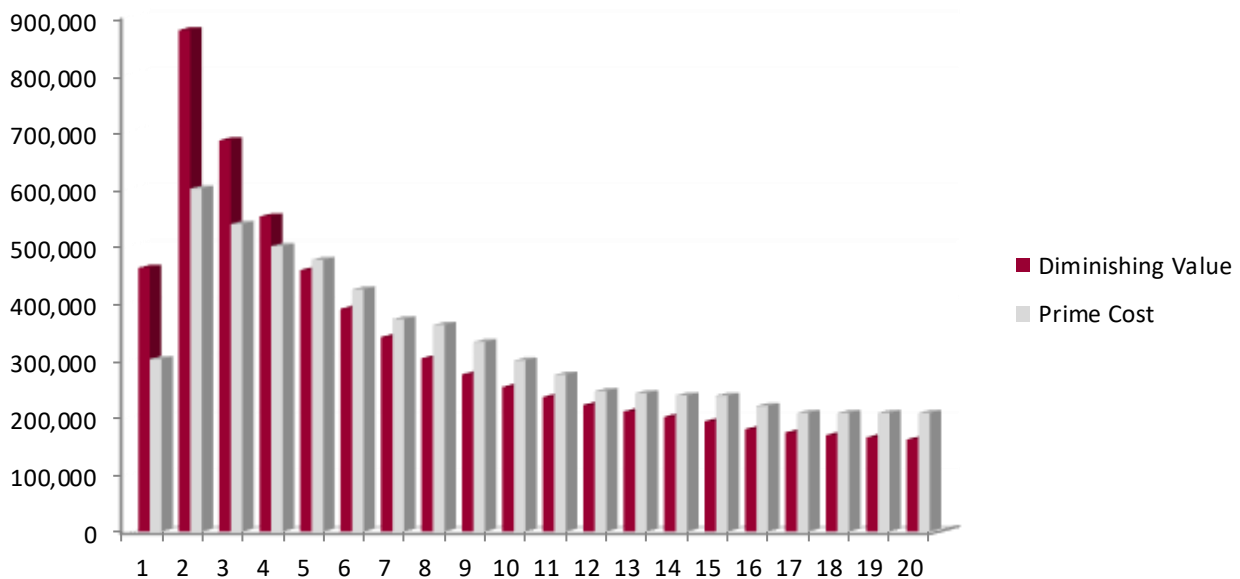
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

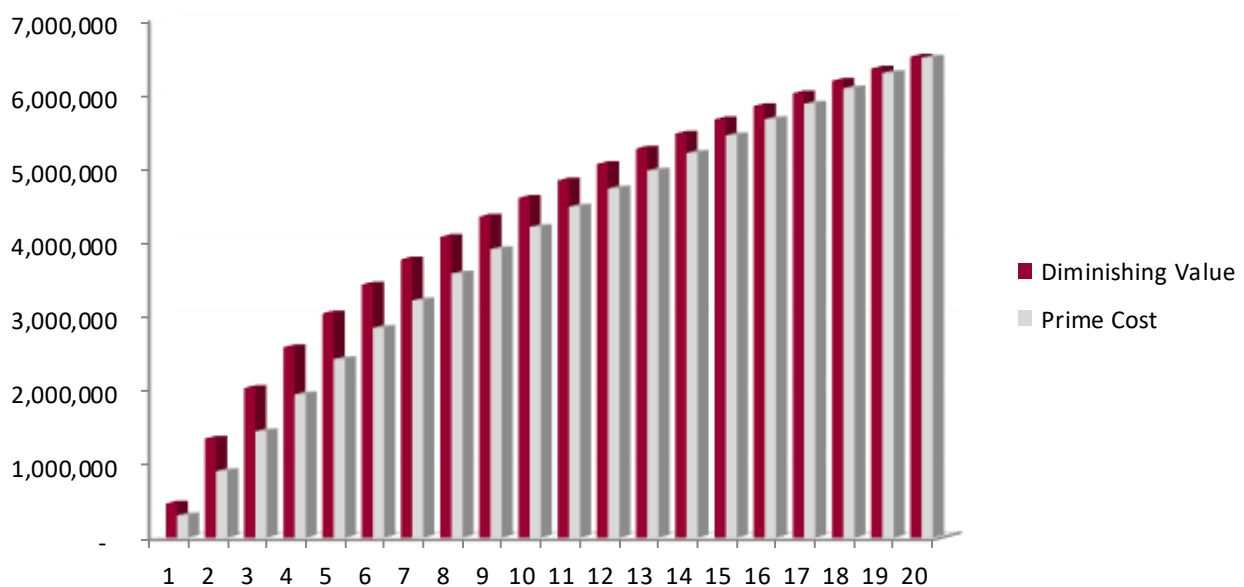
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



Advantages of using diminishing value method over prime cost method, as can be seen in the 20 year comparison graph, diminishing value method has higher deductions in the first few years. Prime cost method has lower deductions over the first few years, but around the 5-6 year mark starts to give higher deductions and in later years. However cumulatively they equal out at about the 10 year mark. It comes down to whether you want the higher deductions in the first few years or the more evenly spread out deductions approach.

8. Capital Expenditure Analysed

Purchase Details

Contract Date	14 December 2018
Settlement Date	13 January 2019

Expenditure Analysed

Purchase Price	\$15,500,000
Total Expenditure Analysed	\$15,500,000

Historical Construction Details

Construction Start Date	Pre 1982
Construction Completion Date	Pre 1982
Historical Construction Cost (Estimated)*	N/A

9. Reconciliation of Capital Expenditure

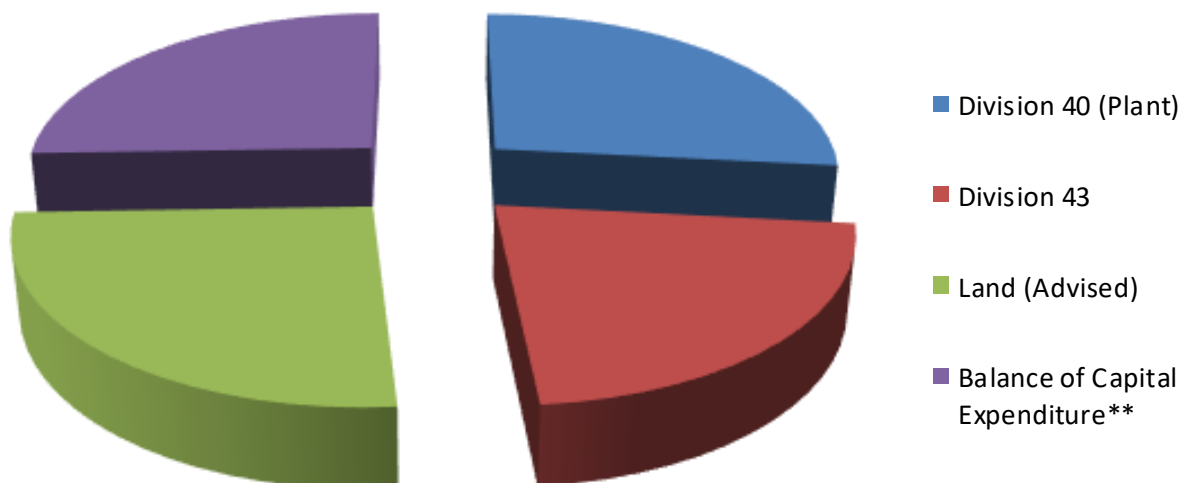
Apportionment of cost relating to:

Division 40 (Plant)	\$4,134,392
Division 43	\$3,408,795
Land (Advised)	\$4,000,000
Balance of Capital Expenditure**	\$3,956,813
Total Expenditure Analysed	\$15,500,000

Notes

* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

** Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



10. Diminishing Value Depreciation Schedule

Assets Generally	Diminishing	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Division 40 - Plant and Equipment	Value Rate												
Air-conditioning assets (excl. ducting, pipes & vents)													
Chiller - air-cooled	13.33%	13-Jan-19	184,758	11,339	23,123	20,040	17,368	15,052	13,045	11,306	9,798	8,492	7,360
Mini split system upto 20KW	20.00%	13-Jan-19	7,390	680	1,342	1,074	859	687	550	440	352	281	225
Pumps	10.00%	13-Jan-19	42,494	1,956	4,054	3,648	3,284	2,955	2,660	2,394	2,154	1,939	1,745
Commercial office building assets													
Boilers	10.00%	13-Jan-19	30,793	1,417	2,938	2,644	2,379	2,141	1,927	1,735	1,561	1,405	1,265
Boiler pumps	13.33%	13-Jan-19	9,361	574	1,172	1,015	880	763	661	573	496	430	373
Hot water installations (excluding commercial boilers and piping)	20.00%	13-Jan-19	18,599	1,712	3,377	2,702	2,162	1,729	1,383	1,107	885	708	567
Power supply assets													
Generators (incorporating attached engine management and generator monitoring instruments)	13.33%	13-Jan-19	41,879	2,570	5,241	4,542	3,937	3,412	2,957	2,563	2,221	1,925	1,668
Window Blinds Commercial	18.75%	13-Jan-19	177,368	33,256	54,042	33,776	21,110	13,194	8,246	5,154	3,221	2,013	1,258
Control systems and control system assets (including control cabinets and panels, instruments, programmable logic controllers (PLCs), sensors, switchgear telemetry and variable speed drives VSDs))	20.00%	13-Jan-19	151,132	13,912	27,444	21,955	17,564	14,051	11,241	8,993	7,194	5,755	4,604
Computer systems													
General	40.00%	13-Jan-19	77,500	14,268	25,293	15,176	9,105	5,463	3,278	1,967	1,180	708	425
Building management system	40.00%	13-Jan-19	307,931	56,693	100,495	60,297	36,178	21,707	13,024	7,814	4,689	2,813	1,688
Door closers	18.75%	13-Jan-19	15,520	2,910	4,729	2,955	1,847	1,154	722	451	282	176	110
Electrical Machinery & Equipment :													
Switchboards	10.00%	13-Jan-19	55,427	2,551	5,288	4,759	4,283	3,855	3,469	3,122	2,810	2,529	2,276
Distribution boards	20.00%	13-Jan-19	47,421	4,365	8,611	6,889	5,511	4,409	3,527	2,822	2,257	1,806	1,445
Motors	20.00%	13-Jan-19	8,868	816	1,610	1,288	1,031	825	660	528	422	338	270
Communication & piped music system	30.00%	13-Jan-19	14,411	1,990	3,726	2,608	1,826	1,278	895	626	438	307	269
Fire control assets													
Detection & alarm systems, detectors	18.75%	13-Jan-19	46,559	8,730	14,186	8,866	5,541	3,463	2,165	1,353	846	528	330
Detection & alarm systems, fire indicator panel	16.67%	13-Jan-19	32,025	2,457	4,928	4,107	3,422	2,852	2,377	1,980	1,650	1,375	1,146
Emergency warning & intercommunication system	16.67%	13-Jan-19	38,799	2,976	5,970	4,975	4,146	3,455	2,879	2,399	2,000	1,666	1,389
Hoses and nozzles	20.00%	13-Jan-19	10,346	952	1,879	1,503	1,202	962	770	616	493	394	315
Pumps, diesel & electric	8.00%	13-Jan-19	72,672	2,676	5,600	5,152	4,740	4,360	4,012	3,691	3,395	3,124	2,874
Fire extinguishers	18.75%	13-Jan-19	24,634	4,619	7,506	4,691	2,932	1,832	1,145	716	447	280	175
Stair pressurisation & extraction fans	10.00%	13-Jan-19	45,574	2,098	4,348	3,913	3,522	3,169	2,852	2,567	2,310	2,079	1,872
Floor coverings (removable without damage)													
Carpets	25.00%	13-Jan-19	439,940	50,623	97,329	72,997	54,748	41,061	30,796	23,097	17,323	12,992	9,744
Furniture	20.00%	13-Jan-19	2,956	272	537	429	344	275	220	330	206	129	81
Furniture	18.75%	13-Jan-19	35,818	6,716	10,913	6,821	4,263	2,664	1,665	1,041	650	407	254
Carried forward			1,940,178	233,131	425,680	298,823	214,183	156,770	117,125	89,382	69,283	54,600	43,726

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Division 40 - Plant and Equipment													
Brought forward			1,940,178	233,131	425,680	298,823	214,183	156,770	117,125	89,382	69,283	54,600	43,726
Garbage disposal													
Garbage bins	18.75%	13-Jan-19	2,956	554	901	563	352	220	137	86	54	34	21
Kitchen assets													
Microwave ovens	18.75%	13-Jan-19	2,587	485	788	493	308	192	120	75	47	29	18
Refrigerators	16.67%	13-Jan-19	11,209	860	1,725	1,437	1,198	998	832	693	578	481	401
Drink dispensing machine	20.00%	13-Jan-19	21,555	1,984	3,914	3,131	2,505	2,004	1,603	1,283	1,026	821	657
Lifts (including hydraulic & tractions lifts)	6.67%	13-Jan-19	771,551	23,675	49,858	46,534	43,432	40,537	37,834	35,312	32,958	30,761	28,710
Lights													
Emergency	18.75%	13-Jan-19	23,280	4,365	7,093	4,433	2,771	1,732	1,082	676	423	264	165
Fittings	18.75%	13-Jan-19	212,866	39,912	64,858	40,536	25,335	15,834	9,896	6,185	3,866	2,416	1,510
Water pumps	20.00%	13-Jan-19	6,159	567	1,118	895	716	573	458	366	293	235	352
Office furniture, freestanding													
Bookcases - timber	13.33%	13-Jan-19	77,598	4,762	9,712	8,417	7,294	6,322	5,479	4,748	4,115	3,567	3,091
Cabinets (including credenzas, cupboards, filing, mapping, mobile, stationery and storage type) - metal	20.00%	13-Jan-19	14,781	1,361	2,684	2,147	1,718	1,374	1,099	879	704	563	450
Cabinets (including credenzas, cupboards, filing, mapping, mobile, stationery and storage type) - timber/laminated	10.00%	13-Jan-19	56,364	2,594	5,377	4,839	4,355	3,920	3,528	3,175	2,858	2,572	2,315
Chairs	20.00%	13-Jan-19	171,751	15,811	31,188	24,951	19,960	15,968	12,775	10,220	8,176	6,541	5,233
Reception assets (including lobby chairs, desks, lounges, sofas and tables)	10.00%	13-Jan-19	65,281	3,005	6,228	5,605	5,044	4,540	4,086	3,677	3,310	2,979	2,681
Tables - boardroom	20.00%	13-Jan-19	73,287	6,746	13,308	10,647	8,517	6,814	5,451	4,361	3,489	2,791	2,233
Tables - general	10.00%	13-Jan-19	14,781	680	1,410	1,269	1,142	1,028	925	833	749	674	607
Workstations (including desks and partitions)	20.00%	13-Jan-19	510,795	47,021	92,755	74,204	59,363	47,490	37,992	30,394	24,315	19,452	15,562
Security systems & equipment													
Electronic	30.00%	13-Jan-19	18,722	2,585	4,841	3,389	2,372	1,660	1,162	814	570	399	349
Partitions (demountable)	10.00%	13-Jan-19	107,776	4,961	10,282	9,253	8,328	7,495	6,746	6,071	5,464	4,918	4,426
Televisions	20.00%	13-Jan-19	4,434	408	805	644	515	412	330	264	211	317	198
Ventilating plant													
Ventilation plant - fans only	10.00%	13-Jan-19	26,482	1,219	2,526	2,274	2,046	1,842	1,658	1,492	1,343	1,208	1,087
Pooled Plant Total				101,548	165,015	103,134	64,459	40,287	25,179	16,067	10,042	6,593	5,090
Effective Life Plant Total				295,139	572,035	441,349	346,997	277,439	225,140	184,920	153,787	129,028	108,701
Total Division 40			4,134,392	396,687	737,050	544,484	411,456	317,726	250,319	200,987	163,829	135,620	113,791

Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1993	2.50%	13-Jan-19	107,898	3,438	7,470	7,470	7,470	7,470	7,470	7,470	7,470	7,470	7,470
Building Works - Completed 2002	2.50%	13-Jan-19	2,683,758	52,275	113,574	113,574	113,574	113,574	113,574	113,574	113,574	113,574	113,574
Building Works - Completed 2009	2.50%	13-Jan-19	250,028	3,782	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217
Building Works - Completed 2016	2.50%	13-Jan-19	367,111	4,470	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711
Total Division 43			3,408,795	63,965	138,972	138,972	138,972	138,972	138,972	138,972	138,972	138,972	138,972
Total Depreciation			7,543,187	460,652	876,022	683,456	550,428	456,698	389,291	339,959	302,801	274,592	252,763

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Air-conditioning assets (excl. ducting, pipes & vents)														
Chiller - air-cooled	6.67%	13-Jan-19	184,758	5,669	12,317	12,317	12,317	12,317	12,317	12,317	12,317	12,317	12,317	
Mini split system upto 20KW	10.00%	13-Jan-19	7,390	340	739	739	739	739	739	739	739	739	739	
Pumps	5.00%	13-Jan-19	42,494	978	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	
Commercial office building assets														
Boilers	5.00%	13-Jan-19	30,793	709	1,540	1,540	1,540	1,540	1,540	1,540	1,540	1,540	1,540	
Boiler pumps	20.00%	13-Jan-19	9,361	862	1,872	1,872	1,872	1,872	1,011					
Hot water installations (excluding commercial boilers and piping)	6.67%	13-Jan-19	18,599	571	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	
Power supply assets														
Generators (incorporating a attached engine management and generator monitoring instruments)	4.00%	13-Jan-19	41,879	771	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	
Window Blinds Commercial	18.75%	13-Jan-19	177,368	33,256	54,042	33,776	21,110	13,194	8,246	5,154	3,221	2,013	1,258	
Control systems and control system assets (including control cabinets and panels, instruments, programmable logic controllers (PLCs), sensors, switchgear telemetry and variable speed drives VSDs))														
	10.00%	13-Jan-19	151,132	6,956	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	15,113	
Computer systems														
General	20.00%	13-Jan-19	77,500	7,134	15,500	15,500	15,500	15,500	8,366					
Building management system	20.00%	13-Jan-19	307,931	28,346	61,586	61,586	61,586	61,586	33,240					
Door closers	18.75%	13-Jan-19	15,520	2,910	4,729	2,955	1,847	1,154	722	451	282	176	110	
Electrical Machinery & Equipment :														
Switchboards	5.00%	13-Jan-19	55,427	1,276	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	
Distribution boards	10.00%	13-Jan-19	47,421	2,183	4,742	4,742	4,742	4,742	4,742	4,742	4,742	4,742	4,742	
Motors	10.00%	13-Jan-19	8,868	408	887	887	887	887	887	887	887	887	887	
Communication & piped music system	15.00%	13-Jan-19	14,411	995	2,162	2,162	2,162	2,162	2,162	2,162	444			
Fire control assets														
Detection & alarm systems, detectors	18.75%	13-Jan-19	46,559	8,730	14,186	8,866	5,541	3,463	2,165	1,353	846	528	330	
Detection & alarm systems, fire indicator panel	8.33%	13-Jan-19	32,025	1,228	2,669	2,669	2,669	2,669	2,669	2,669	2,669	2,669	2,669	
Emergency warning & intercommunication system	8.33%	13-Jan-19	38,799	1,488	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	
Hoses and nozzles	10.00%	13-Jan-19	10,346	476	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	
Pumps, diesel & electric	4.00%	13-Jan-19	72,672	1,338	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	
Fire extinguishers	18.75%	13-Jan-19	24,634	4,619	7,506	4,691	2,932	1,832	1,145	716	447	280	175	
Stair pressurisation & extraction fans	5.00%	13-Jan-19	45,574	1,049	2,279	2,279	2,279	2,279	2,279	2,279	2,279	2,279	2,279	
Floor coverings (removable without damage)														
Carpets	12.50%	13-Jan-19	439,940	25,312	54,993	54,993	54,993	54,993	54,993	54,993	54,993	54,993	29,678	
Carried forward			1,901,403	137,604	271,847	241,674	222,816	211,029	167,322	120,100	115,505	87,947	57,145	

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Brought forward			1,901,403	137,604	271,847	241,674	222,816	211,029	167,322	120,100	115,505	87,947	57,145	
Furniture	10.00%	13-Jan-19	2,956	136	296	296	296	296	296	296	296	296	296	
Furniture	18.75%	13-Jan-19	35,818	6,716	10,913	6,821	4,263	2,664	1,665	1,041	650	407	254	
Garbage disposal														
Garbage bins	18.75%	13-Jan-19	2,956	554	901	563	352	220	137	86	54	34	21	
Kitchen assets														
Microwave ovens	18.75%	13-Jan-19	2,587	485	788	493	308	192	120	75	47	29	18	
Refrigerators	8.33%	13-Jan-19	11,209	430	934	934	934	934	934	934	934	934	934	
Drink dispensing machine	10.00%	13-Jan-19	21,555	992	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156	
Lifts (including hydraulic & tractions lifts)	3.33%	13-Jan-19	771,551	11,837	25,718	25,718	25,718	25,718	25,718	25,718	25,718	25,718	25,718	
Lights														
Emergency	18.75%	13-Jan-19	23,280	4,365	7,093	4,433	2,771	1,732	1,082	676	423	264	165	
Fittings	18.75%	13-Jan-19	212,866	39,912	64,858	40,536	25,335	15,834	9,896	6,185	3,866	2,416	1,510	
Pumps	10.00%	13-Jan-19	6,159	283	616	616	616	616	616	616	616	616	616	
Office furniture, freestanding														
Bookcases - timber	6.67%	13-Jan-19	77,598	2,381	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	
Cabinets (including credenzas, cupboards, filing, mapping, mobile, stationery and storage type) - metal	5.00%	13-Jan-19	14,781	340	739	739	739	739	739	739	739	739	739	
Cabinets (including credenzas, cupboards, filing, mapping, mobile, stationery and storage type) - timber/laminated	6.67%	13-Jan-19	56,364	1,730	3,758	3,758	3,758	3,758	3,758	3,758	3,758	3,758	3,758	
Chairs	10.00%	13-Jan-19	171,751	7,905	17,175	17,175	17,175	17,175	17,175	17,175	17,175	17,175	17,175	
Reception assets (including lobby chairs, desks, lounges, sofas and tables)	10.00%	13-Jan-19	65,281	3,005	6,528	6,528	6,528	6,528	6,528	6,528	6,528	6,528	6,528	
Tables - boardroom	5.00%	13-Jan-19	73,287	1,687	3,664	3,664	3,664	3,664	3,664	3,664	3,664	3,664	3,664	
Tables - general	10.00%	13-Jan-19	14,781	680	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	
Workstations (including desks and partitions)	5.00%	13-Jan-19	510,795	11,755	25,540	25,540	25,540	25,540	25,540	25,540	25,540	25,540	25,540	
Security systems & equipment														
Electronic	15.00%	13-Jan-19	18,722	1,293	2,808	2,808	2,808	2,808	2,808	2,808	582			
Partitions (demountable)	5.00%	13-Jan-19	107,776	2,480	5,389	5,389	5,389	5,389	5,389	5,389	5,389	5,389	5,389	
Televisions	10.00%	13-Jan-19	4,434	204	443	443	443	443	443	443	443	443	443	
Ventilating plant														
Ventilation plant - fans only	5.00%	13-Jan-19	26,482	609	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	
Pooled Plant Total				101,548	165,015	103,134	64,459	40,287	25,179	15,737	9,836	6,147	3,842	
Effective Life Plant Total				135,837	295,124	295,124	295,124	295,124	258,783	216,166	212,222	185,881	156,203	
Total Division 40			4,134,392	237,385	460,139	398,258	359,583	335,411	283,962	231,903	222,057	192,028	160,045	

Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1993	2.50%	13-Jan-19	107,898	3,438	7,470	7,470	7,470	7,470	7,470	7,470	7,470	7,470	7,470
Building Works - Completed 2002	2.50%	13-Jan-19	2,683,758	52,275	113,574	113,574	113,574	113,574	113,574	113,574	113,574	113,574	113,574
Building Works - Completed 2009	2.50%	13-Jan-19	250,028	3,782	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217
Building Works - Completed 2016	2.50%	13-Jan-19	367,111	4,470	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711	9,711
Total Division 43			3,408,795	63,965	138,972	138,972	138,972	138,972	138,972	138,972	138,972	138,972	138,972
Total Depreciation			7,543,187	301,350	599,111	537,230	498,555	474,383	422,934	370,875	361,029	331,000	299,017

12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 1993	1 May 93 to 30 Jun 93	298,807	2.50%	7,470	107,898
Building Works - Completed 2002	6 Jul 02 to 4 Sep 02	4,542,941	2.50%	113,574	2,683,758
Building Works - Completed 2009	21 Apr 09 to 20 Jun 09	328,688	2.50%	8,217	250,028
Building Works - Completed 2016	3 Sep 16 to 2 Nov 16	388,449	2.50%	9,711	367,111
Sub-total		5,558,885		138,972	3,408,795

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
	1 May 93 to 30 Jun 93		2.50%		
Sub-total					
Totals		5,558,885		138,972	3,408,795

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

13. Definition of Terms

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
Decline in Value	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

14. Contact Details

COMPANY DETAILS	
Company Name	Koste Pty Ltd
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15. Disclaimer

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.